

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

NUWAY, Alliance, NUWAY House,  
Inc., 3 Rs NUWAY Counseling Center,  
NUWAY Saint Cloud Counseling  
Center, NUWAY University Counseling  
Center, NUWAY Rochester Counseling  
Center, 2118 NUWAY Counseling  
Center, NUWAY Mankato Counseling  
Center, NUWAY Duluth Counseling  
Center,

Plaintiffs,

vs.

Minnesota Department of Human  
Services Temporary Commissioner  
Shireen Gandhi, in her official capacity,

Defendant.

Civil File No. 25-CV-00492  
(JRT/ECW)

**DECLARATION OF  
AMANDA NOVAK**

I, Amanda Novak, under penalty of perjury, hereby declare as follows:

1. I am the Manager of Medicaid Provider Audits and Investigations for the Program Integrity and Oversight (“PIO”) Division of the Minnesota Department of Human Services (“DHS”). I have personal knowledge of the matters in this declaration.

2. In January 2024, the U.S. Department of Justice (“DOJ”) notified DHS’s Office of Inspector General (“OIG”) of the existence of an active investigation into Nuway and related entities under the federal False Claims Act and Minnesota False Claims Act. DOJ advised DHS OIG that its investigation was being conducted in coordination with the Minnesota Attorney General’s Office, with assistance from DHS. DOJ stated that its

investigation to date “indicates that the allegations of fraud against Nuway are credible and bear indicia of reliability.” DOJ provided additional information to DHS regarding the investigation but advised DHS that the information could not be disclosed.

3. Based on information provided by the DOJ, as well as DHS’s own independent review and investigation, DHS determined that there was a credible allegation of fraud against Nuway and that it would therefore suspend Medicaid payments to Nuway.

4. On February 29, 2024, DHS issued to Nuway notices of payment withholds applicable to eight Nuway outpatient SUD programs and one consolidated provider number. The notices provided that the payment withholds would take effect on April 1, 2024. A true and correct copy of one of these notices is attached as Exhibit 1.

5. On March 15, 2024, DHS issued to Nuway amended notices of payment withholds, which provided that the payment withholds would take effect on May 15, 2024. A true and correct copy of one of these notices is attached as Exhibit 2.

6. On April 15, 2024, DHS issued to Nuway amended notices of payment withholds, which provided that the payment withholds would take effect on June 15, 2024. A true and correct copy of one of these notices is attached as Exhibit 3.

7. On June 13, 2024, DHS issued to Nuway amended notices of payment withholds, which provided that the payment withholds would take effect on December 16, 2024. A true and correct copy of one of these notices is attached as Exhibit 4.

8. On December 5, 2024, DHS issued to Nuway amended notices of payment withholds, which provide that the payment withholds would take effect on February 21,

2024. A true and correct copy of one of these notices is attached as Exhibit 5. These payment withholds remain in effect.

9. Attached as Exhibit 6 is a true and correct copy of a letter dated November 21, 2024 from me to Nuway's counsel, as well as the transmittal email.

10. Attached as Exhibit 7 is a true and correct copy of email correspondence from Nuway's counsel to DHS, dated March 6, 2024.

11. Attached as Exhibit 8 is a true and correct copy of email correspondence from Nuway's counsel to DHS, dated March 7, 2024.

12. DHS determined that good cause existed to issue the amended notices of payment withholds and delay the effective date of the withholds several times throughout 2024 in order to allow additional time to plan for Nuway recipients to transition to new providers and avoid service disruptions, as well as based on requests from the DOJ to delay implementing the payment withholds while Nuway and the DOJ pursued settlement discussions relating to the pending investigation. By January 24, 2025, DHS was informed that those settlement discussions had failed, and DHS determined that there was no longer good cause to delay implementation of the payment withholds that will take effect on February 21, 2025.

13. DHS has confirmed with both the DOJ and the Minnesota Attorney General's Office's Medicaid Fraud Control Unit that their investigations into Nuway remain active.

14. The payment withholds issued to Nuway by DHS apply to eight Nuway outpatient SUD programs and one consolidated provider number, located in six counties. The payment withholds apply to outpatient SUD services only. The payment withholds do

not apply to Nuway residential inpatient SUD treatment services, or housing support services.

15. The payment withholds issued to Nuway by DHS apply only to MHCP payments, and do not impact Nuway's ability to provide services that are not reimbursed by Medicaid funds. Nuway's existing licenses to provide services are unaffected by the payment withholds. Nuway may continue to provide services within the scope of its licenses to both Medicaid and non-Medicaid clients; the payment withholds will only prevent Nuway from receiving Medicaid funds for outpatient SUD services at its eight outpatient programs.


16. During the period when DHS provided several extensions to the effective date of the payment withholds, Nuway continued to increase the number of recipients at its outpatient SUD programs. Since it first received the initial notices of payment withholds in February 2024, Nuway's average number of outpatient SUD service recipients has increased by 34%.

17. In 2021, Nuway's outpatient SUD services that are subject to the temporary payment withholds averaged \$2,938,955 in MHCP reimbursement each month.

18. Beginning in April 2022, Nuway's outpatient SUD services that are subject to the temporary payment withholds averaged \$2,841,849 in MHCP reimbursement each month through January 2024. Since February 2024 when it was first notified of the payment withholds, Nuway's MHCP reimbursements for outpatient SUD services have averaged \$2,812,584 per month. A provider ordinarily is permitted to submit claims for up to one year from date of service.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on: February 14, 2025

/s/   
Amanda Novak

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